

Outfitting Reengineering

Intelligent Investment For Tomorrow's Readiness

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&

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Outfitting Reengineering



Where's Joe?

Outfitting Penguinering



Outfitting Reengineering

□ OUTLINE

✱ The Initial Steps ... CSM - ACP

□ Adapting...CILS TAT

□ OPN Outfitting Reengineering IPT

□ Recent Steps ... Allowance Churn
Reduction Initiative

□ Focused Allowance Maintenance
Strategy

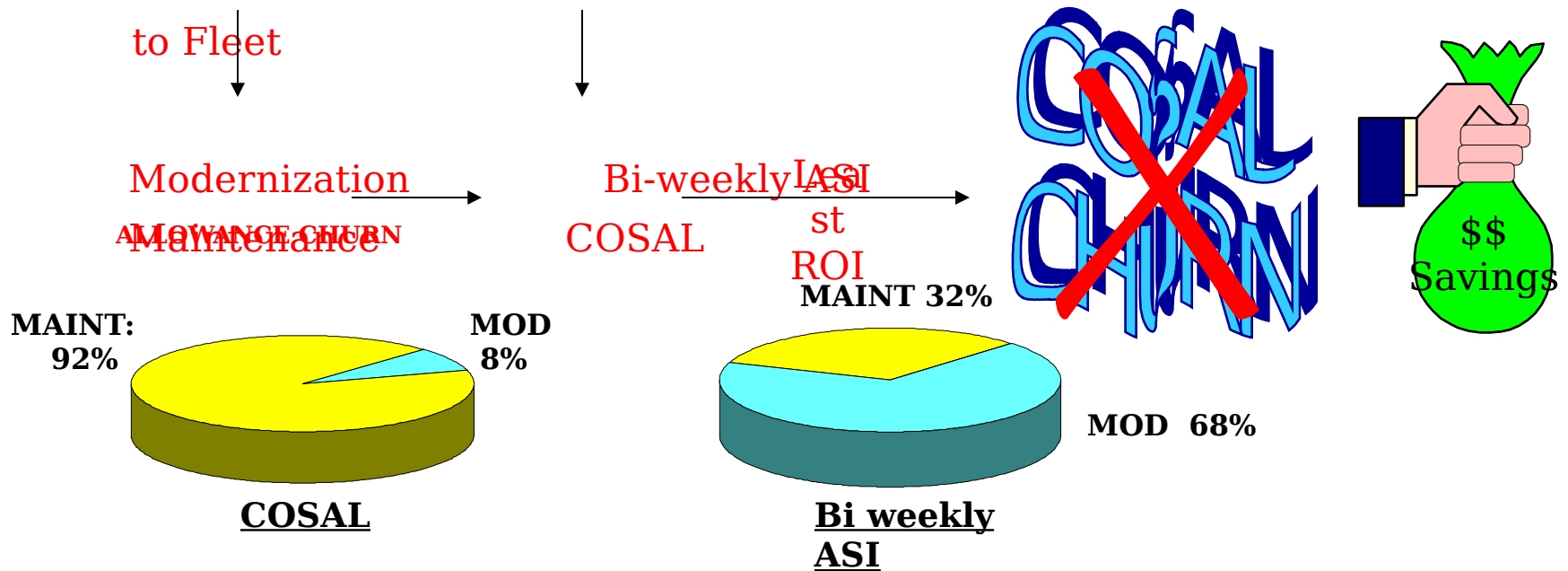
□ Future Direction COSAL Ashore

Outfitting Reengineering

The Initial Steps ...

PR99 ... Need to Reduce Logistics Costs & Divert Savings to Recapitalization/Modernization

2 Types of Allowances -- 2 Methods of Getting to Fleet



Partnered with Fleet/NAVSEA/NAVSUP

Outfitting Reengineering

▮ Allowance Churn (Maintenance) vs. Modernization Distinction Presented Obvious Challenges & Opportunities

▮ Initial Solution

- ✗ Reduce number of COSALs being produced...fix ships with greatest need Vs. traditional “ship availability schedules and periodicity”... promulgate modernization allowances via ASI

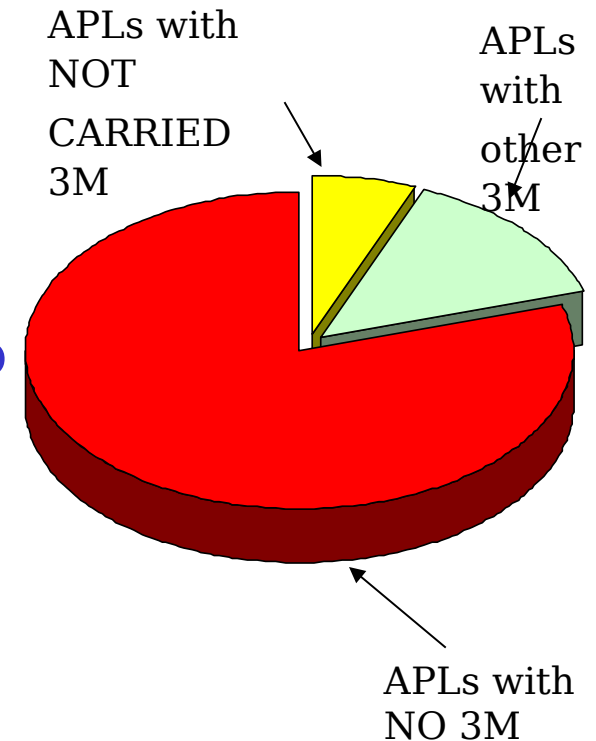
🔧 Tools and Methods

- ▮ COSAL Scheduling Metrics (CSM)
- ▮ Allowance Control Panel (ACP - WEB based)

Outfitting Reengineering

□ Adapting...CILS TAT

- *Concept: A technique which discretely applies ship optimized allowances to a ship's existing Stock Record File (SRF)...
- Apply standard allowances deletes to equipments with no usage or application,
- Target systems with not carried 3M usage for allowance upgrade (adds/increases).



Based on 24/36 Mos of 3

Maximize Use of

Outfitting Reengineering

□ Current Status on CILS TAT

✱ TAT distributed to 38 units since January 99

□ Gross effectiveness on live ships

✕ Measured after 6-months on 23 ships

♥ 1.6% increas



Outfitting Reengineering

Genesis of the Reengineering

NAVSEA / NAVICP Discussions to Improve Outfitting Processes, and cure perceived or real problems.

- Timeliness & Efficiency
- Duplication of Effort
- Allowance Churn Driving Up Outfitting Costs

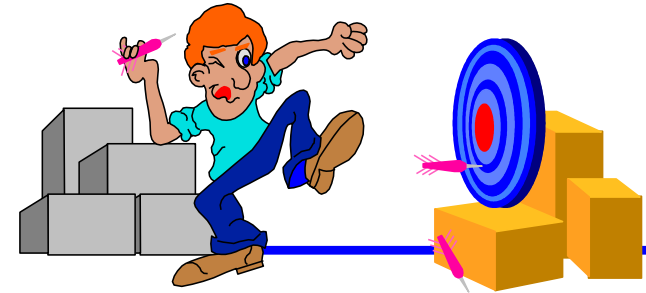


SEA 04L/NAVICP 00 Tasked NAVICP & NSLC

Explore Improvements to the OPN Outfitting Process

Outfitting Approach

- Form Working Group
 - * Representatives From NAVSEA
NAVICP-M and NSLC
- Review the Current Processes
- Explore Process Improvement Opportunities



RECOMMENDATIONS

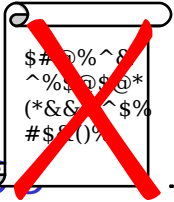
- Near Term
 - Up Front Validation of Allowances
 - Tailored ASIs - Reduce “Maintenance” Allowances
 - × **Attack Churn**
- Long Term
 - Creation of Outfitting Requisitions Ashore Concurrently with Allowance Product Distribution

**COSAL Ashore
workload reductions**

Outfitting Reengineering

First Recommendation
First Recommendation

Up Front Validation of Allowances



Features:

- ✳ Enhance the pre-distribution review of allowance products ...
 - ✗ NAVICP-M and NAVSEALOGCEN joint effort Migrate “Hi Value Review” techniques to front end
- Modify allowance up front
 - ✗ Increase accuracy of WSF data and allowance products
- Minimize cancellation messages
 - ✗ Reduce Fleet frustration and administrative workload
- Preserve back end review component - Safety Net

Outfitting Reengineering

Second Recommendation
Second Recommendation

Tailored ASIs - Reduce

“Maintenance” Allowances Attack Churn

- * Allowance Maintenance - Revised allowances for existing equipment installations...

CHURN

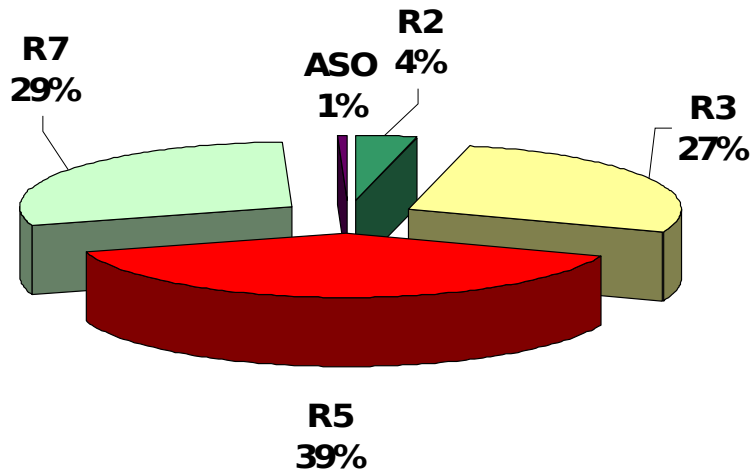
- × Expense of a “revised bag of spare parts” with little ROI
- * Accomplishments to date:
 - × Focused on ships being re-COSALED
 - ♥ Over 90% of spares costs tied to churn

Where Next? Attack remaining allowance churn
Migrate to FAMS

Outfitting Reengineering

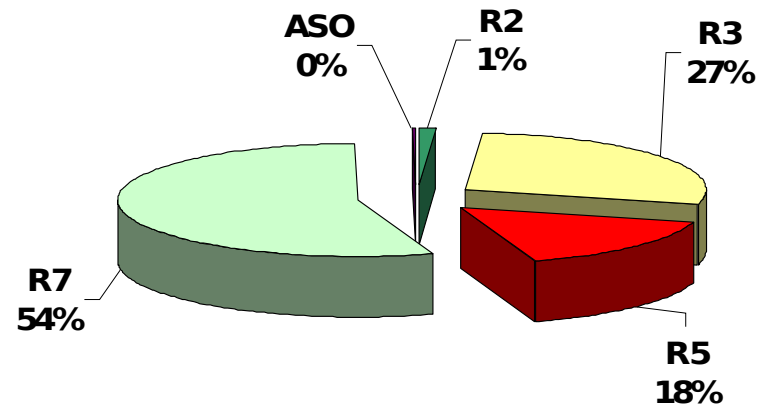
□ Allowance Churn

* ASI churn ... causative factors



**FY98
DRIVERS**

(Based on dollar value)



**FY99
DRIVERS**

R2 - RIC Supersession

R3 - New/Revised APL

R5 - Logistics Support Request

R7 - Pen & Ink

Changes

Outfitting

Reengineering

□ Maintenance Churn... ROI stats on ASI

* Measured observed demand of (NIIN specific) adds on 15-ship sample; determined allowance effectiveness

AVERAGE DELTAS RESULTING FROM ADDS

	Allow Effectiveness	FY98\$(M)
Original Effectiveness	72.4%	
Minus R2 Adds	72.4%	.
4		
Minus R3 Adds	72.4%	
3.5		
Minus R5 Adds	72.3%	
5.1		
Minus R7 Adds	72.2%	
3.8		
Minus ALL Maintenance	72.2%	
12.8		

MINIMAL PAYBACK



Very Low Risk -- Little Effectiveness Impact

Outfitting Reengineering

□ Allowance Churn Reduction Initiative

*NAVSEA Msg 011128Z NOV 99

× Effective January 2000

□ Distribute technical & parts data for all triggers

× B records (RIC header) & C records (RIC - NIIN)

♥ RIC supersessions (R2)

□ New/Revised APL actions (R3)

□ Configuration changes (R4/R6)

□ Logistics Support Requests (R5)

□ Pen/Ink changes (R7)



Outfitting Reengineering

□ Allowance Churn Reduction Initiative

* Stop allowance generation for certain R triggers

× RIC Supersessions

× Revised APLs

× Pen & Inks

× Logistics Support Requests



Outfitting Reengineering

□ Allowance Churn Reduction Initiative

*Continue allowancing:

- ✕ Configuration range adds/depth increases
- ✕ RIC supersessions for X-RICs
- ✕ New RICs (LSSC changes to AA)
- ✕ ACIP (3M “G/J” N/C Hits)
- ✕ Selected P&I/Rev APL updates (PMS, Safety, “F” AORs)
- ✕ SNAP Vs CDMD-OA Recon Corrections (future)
- ✕ NSAF changes (future)

Outfitting Reengineering Focus Resources on Problem Ships and Systems

*F*ocused
*A*llowance ... How to execute?
*M*aintenance
*S*trategy

First component:

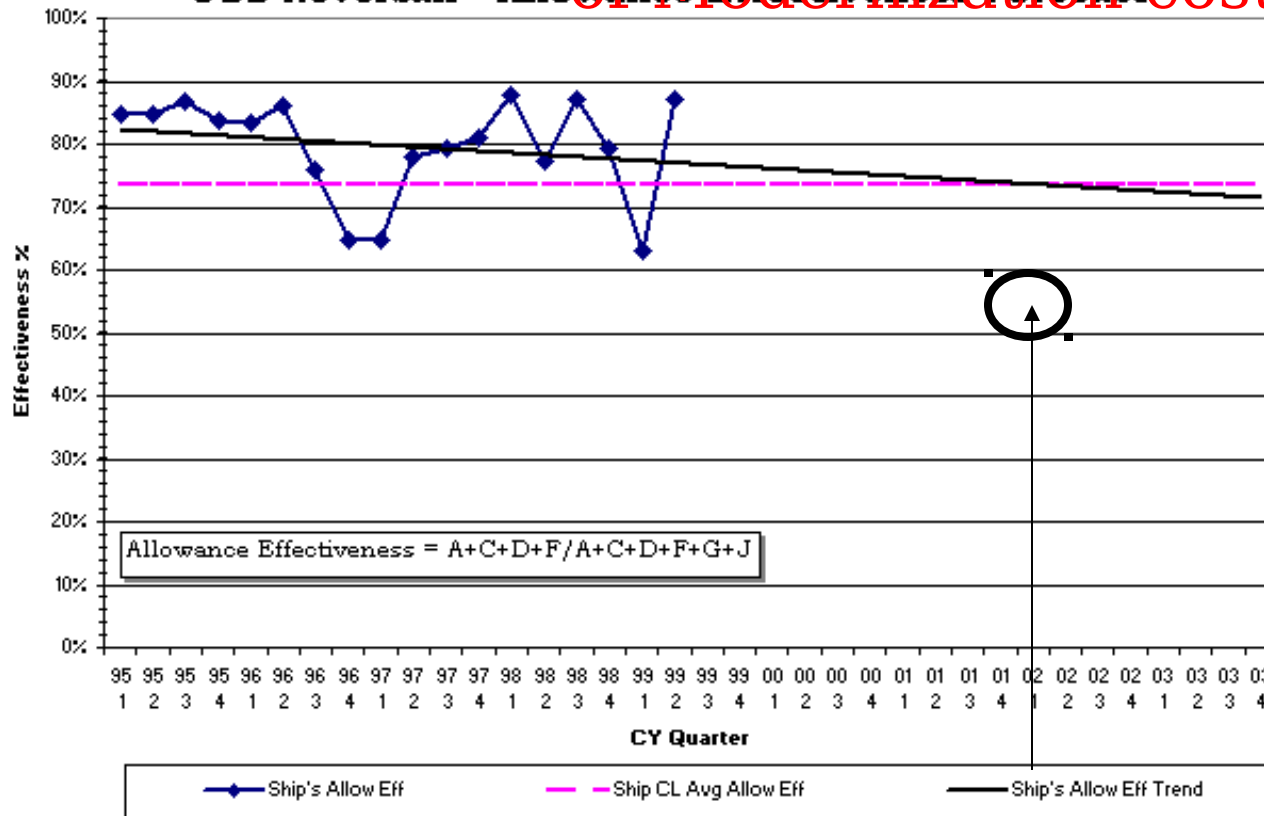
- * Target problem equipment on specific ships “in need”

- x CILS TAT

Outfitting CSM/ACP Forecasting: Reengineering

The '*past*' method of projecting the Maintenance portion of budget was to estimate it as a percentage of Modernization costs

USS Neversail - Allowance Effectiveness Forecast



The '*future*' method is to use CSM processes to calculate when a ship will require an allowance product (by determining where the Ship's Allowance Effectiveness

Outfitting Reengineering Budget Forecasting:

- By combining the results of the ACP approved allowance products and CSM/ACP Forecasting, predict when a ship will need to be budgeted for a new allowance product.

ACP Voting Cycle 4

	00	01	02	03	04	05	Unknown	Grand Total
Total No. of Hulls	39	24	2	2	0	0	1	68
Total Product Cost	\$ 18,613,046	\$ 11,610,654	\$ 622,604	\$ 689,074	\$ -	\$ -	\$ 519,995	\$ 32,055,373

Allowance Product Forecast

	00	01	02	03	04	05	Unknown	Grand Total
Total No. of Hulls	0	15	35	25	16	12	0	103
Total Product Cost	\$ -	\$ 6,929,935	\$ 15,120,076	\$ 10,877,985	\$ 7,741,234	\$ 5,390,242	\$ -	\$ 46,059,472

Estimated Budget Requirements for FY 00 - 05

	00	01	02	03	04	05	Unknown	Grand Total
Total No. of Hulls	39	39	37	27	16	12	1	171
Total Product Cost	\$ 18,613,046	\$ 18,540,589	\$ 15,742,680	\$ 11,567,059	\$ 7,741,234	\$ 5,390,242	\$ 519,995	\$ 78,114,845

Outfitting Reengineering FAMS...How to execute? (continued)

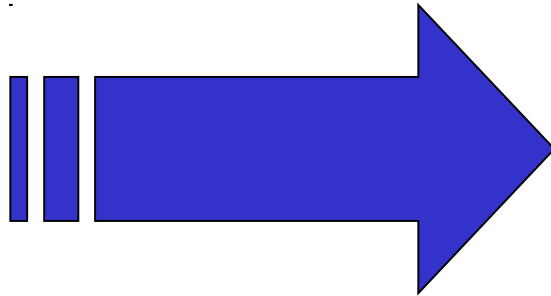
- Other main components
 - * ACIP...Specific parts for specific ships
 - × Refresh allowances for not carried items that have experienced use during maintenance
 - Target problem equipment...problem equipment across all ships (Class/Fleet)
 - × System allowance refreshment based on TYCOM, TMA/TMI, CSSR input...
- (Under Development)**

Outfitting FAMS SUMMARY Reengineering

INVESTMENT STRATEGY FOR TOMORROW'S READINESS

Yesterday

- **Random Churn**
- **Small ROI**



Today

- **CSM / CILS-TAT**
 - **Problem Equipment**
 - **Problem Ships**
- **ACIP**
 - **Specific Equipment**
 - **Specific Ships**
- **Trouble Equipment**
 - **Specific Equipment**
 - **Ship CL/Fleetwide**

Disciplined Quantitative Approach with Readiness Pay

Outfitting Reengineering

Final Recommendation
Final Recommendation

Create Outfitting Requisitions Ashore
Concurrent with Allowance Product
Distribution

Prerequisite: Ashore access to allowance, on hand, & due in data

* Not available to date

ASDOF prototype planned for USS Harry S Truman

Features

- × Using Supply and Financial Data from NTCSS Optimized data base
- × Shore-based testing in process
- × Configuration includes Ship Comms, Fleet NOC, Shore Comms
- × Performance testing underway to determine CONOPs
- × Remote connectivity while-at-sea developed to allow ashore personnel to perform live functions

Tentative hardware install in April 00

Light off in April-May

Evaluation through work-ups and deployment

MDL

Potential baseline
for Concurrent
Outfitting Solution